

## Message Text

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 IO-03 ARA-06 NEA-06 L-01 NSCE-00

NSC-05 INR-05 CIAE-00 H-01 SP-02 EUR-08 AF-04 RSC-01

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FM USMISSION USUN NEW YORK

TO SECSTATE WASHDC PRIORITY 7436

INFO USMISSION GENEVA PRIORITY

AMEMBASSY MEXICO PRIORITY

AMEMBASSY NEW DELHI PRIORITY

C O N F I D E N T I A L USUN 5029

LIMDIS

E.O. 11652: GDS

TAGS: UNCTAD, EGEN

SUBJ: CHARTER OF ECONOMIC RIGHTS AND DUTIES (CERDS)

1. SENATOR PERCY, ACCCOMPANIED BY AMB. FERGUSON AND DEPUTY  
LEGAL ADVISER SCHWEBEL, MET WITH SYG WALDHEIM AND HIS DEPUTY  
EXECUTIVE ASSISTANT HENNIG NOV. 13. SENATOR PERCY STATED THAT  
USG WAS DISTURBED AT THE PROSPECT OF A LOOMING CONFRONTATION  
IN UNGA OVER CERDS. THE GROUP OF 77 SEEMED INTENT ON PUTTING  
TO UNGA FOR ADOPTION A DRAFT CHARTER, ELEMENTS OF WHICH WERE  
PROFOUNDLY UNACCEPTABLE TO USG AND OTHER GROUP B STATES.  
IN PARTICULAR, PROPOSED PROVISIONS ON FOREIGN INVESTMENT  
WERE SO UNACCEPTABLE THAT USG, FOR ITS PART, WOULD FEEL  
OBLIGED TO VOTE AGAINST THEM AND AGAINST CHARTER AS A  
WHOLE. OTHER GROUP B STATES MIGHT VOTE AGAINST OR ABSTAIN.  
SUCH PROVISIONS WOULD ACTUALLY DETER RATHER THAN PROMOTE  
FOREIGN INVESTMENT AND ECONOMIC DEVELOPMENT THIRD WORLD BADLY  
NEEDS. PRESIDENT FORD HAD PLEDGED TO PRESIDENT ECHEVERRIA  
THAT USG WOULD ENDEAVOR TO PROMOTE AGREEMENT ON THE MEXICAN-  
SPONSORED CERDS. BUT SENATOR PERCY COULD SAY ON BASIS OF  
HIS CONVERSATION WITH PRESIDENT FORD THAT THE PRESIDENT SHARED  
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VIEW THAT USG WOULD HAVE TO VOTE AGAINST THE CHARTER AS A

WHOLE IF IT CONTAINED SUCH PROFOUNDLY HARMFUL PROVISIONS.  
IN ORDER TO AVERT SUCH A REGRETTABLE OUTCOME, AND MAKE EVERY  
ATTEMPT TO BRING TWO WORLDS TOGETHER RATHER THAN FURTHER  
WIDEN BREACH AND MISUNDERSTANDING, SENATOR PERCY ASKED WALDHEIM  
WHETHER UN COULD NOT ASSIGN A TOP LEVEL ABLE TROUBLESHOOTER  
OR MEDIATOR WHO MIGHT SUCCEED IN BRINGING THE VARIOUS SIDES  
TOGETHER IN AGREEMENT ON THE TERMS OF THE CHARTER.

2. WALDHEIM REPLIED THAT IF USG AND OTHER INDUSTRIALIZED  
STATES VOTED AGAINST CHARTER, IT WOULD BE MEANINGLESS.  
AT SAME TIME, UNALIGNED AND, HE GATHERED, GROUP OF 77 SEEMED  
IN AN INTRANSIGENT MOOD. ALL SORTS OF ISSUES, EVEN CERDS,  
WERE LIABLE TO BE GIVEN PARTISAN AND EVEN RACIST FLAVOR.  
IN NOV. 12 DEBATE ON SOUTH AFRICA, BOUTEFLIKA HAD REFUSED  
EVEN TO ASK FOR LET ALONE CONSIDER A LEGAL OPINION ON  
SUSPENSION OF SOUTH AFRICA FROM SYG'S LEGAL COUNSEL SUY,  
STATING BLUNTLY THAT SUY IS A BELGIAN WHOSE OPINION BOUTEFLIKA  
COULD PREDICT AND DID NOT WISH TO HEAR. AT SAME TIME,  
CERDS IS EXTREMELY IMPORTANT AND EVERY EFFORT SHOULD BE MADE  
TO AVOID A CONFRONTATION IF POSSIBLE. HE FAVORED THE  
SECRETARIAT MAKING A MEDIATORIAL EFFORT, AND STATED THAT,  
IF THAT EFFORT WERE TO HAVE THE CONFIDENCE OF G-77,  
IT WOULD HAVE TO BE LED BY SOMEONE LIKE RAOUL PREBISCH  
OR GAMANI CORREA.

3. AMB. FERGUSON REMARKED THAT A MEDIATOR SHOULD ALSO HAVE  
CONFIDENCE OF GROUP B AND ITS PRIVATE SECTOR CONSTITUENCY  
ON CERDS ISSUES. PREBISCH PRESENTED A PROBLEM. WALDHEIM  
INTERJECTED THAT, WHEN HE NOMINATED PREBISCH TO HANDLE EMERGENCY  
ASSISTANCE, HE DID NOT REALIZE EXISTENCE OF THAT PROBLEM.  
FERGUSON AGREED WITH WALDHEIM'S HIGH OPINION OF CORREA,  
AND NOTED HE HAD DOUBLE ADVANTAGE OF HAVING CONFIDENCE OF  
77 AND ORIGINS CONGENIAL TO IT. WALDHEIM STATED THAT CORREA  
WOULD IMMEDIATELY BE GIVEN THIS ASSIGNMENT AND WOULD BE  
ASSISTED BY APPROPRIATE OFFICER FROM SECRETARIAT LEGAL  
OFFICE, BUT INDICATED THAT SUY SHOULD NOT OPENLY BE THAT  
OFFICER BECAUSE OF UNALIGNED SUSPICIONS OF HIM.

4. SENATOR PERCY SAID THAT HE HAD ASSURED MEXICANS THAT  
USG WOULD BE PREPARED TO PURSUE CERDS WITH KEY MEMBERS OF  
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G-77. WALDHEIM SAID THOSE WOULD BE INDIA, ALGERIA, NIGERIA  
AND YUGOSLAVIA. SEN. PERCY NOTED THAT USG HAD ALREADY TAKEN  
STEPS TO DISCUSS PROBLEMS IN DETAIL WITH INDIAN REPS AND SAID  
HE WOULD FOLLOW UP WITH NIGERIANS AND HOPEFULLY WE COULD  
WITH OTHERS.

5. WALDHEIM STATED THAT HE WOULD PUT TO THE MEXICANS THE  
IDEA OF RENEWED CONSULTATIONS IN WHICH CORREA WOULD PLAY

A KIND OF MEDIATORAL ROLE. IT WAS SUBSEQUENTLY SUGGESTED  
TO HENNIG THAT WALDHEIM SHOULD PROPOSE TO GOM THAT CONSULTATIONS  
AMONG THE 13 STATES MEMBERS OF THE UNCTAD WORKING GROUP'S  
CONTACT GROUP THAT MET IN GENEVA IN SEPTEMBER RESUME MEETINGS  
IN NEW YORK, PREFERABLY BEGINNING NOV. 25.

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